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Brian C. McNeil, Executive Secretary
Arizona Corporation Commission
Utilities Division
1200 W. Washington Street
Phoenix, AZ 85007-2927

July 20, 2006

Arizona Corporation Commission
DOCKETED

JUL 21 2006

DOCKETED BY	
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Re: Docket No. T-03831A-06-0344; Notice of Mpower Communications Corp. and U.S. TelePacific Holdings Corp. of a Transfer of Control

Dear Mr. McNeil:

Mpower Communications Corp. ("Mpower") and U.S. TelePacific Holdings Corp. ("Holdings," and, together with Mpower, the "Parties"), through their undersigned counsel, hereby notify the Commission of a transaction whereby Holdings will acquire control of Mpower, a non-dominant carrier, holding authority from the Commission to provide telecommunications services in Arizona.

As the Commission is aware, on May 24, 2006, Mpower submitted an application to cancel Mpower's Certificate of Public Convenience and Necessity ("CPCN") on the ground that it does not have any customers in and has no current intention to provide service in Arizona. See Docket No. T-03831A-06-0344 (Application of Mpower Communications Corp. to Surrender its Certificate of Public Convenience and Necessity). Publication of that application has been completed and awaits Commission approval. The Parties are filing this notice¹ because, as a technical matter, the Mpower certificate may still be in effect when the Parties expect to obtain all regulatory and shareholder approvals and complete a proposed transaction whereby Mpower will

¹ Mpower had less than \$1 million in jurisdictional revenues in 2005, and therefore, the Arizona Affiliated Interest Rules, A.A.C. R12-2-801 to R12-2-806, requiring utilities with greater than \$1 million in jurisdictional revenues to obtain prior approval for a transfer of control transaction, do not apply. Accordingly, the Parties hereby submit this notice for the Commission's reference and files.

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become a wholly owned subsidiary of Holdings. Mpower respectfully requests that the pending CPCN cancellation proceeding proceed as planned.

In support of this Notice, the Parties state as follows:

I. DESCRIPTION OF THE PARTIES

A. Mpower Communications Corp.

Mpower is a Nevada corporation whose principal offices are located at 175 Sully's Trail, Ste. 300, Pittsford, NY 14534. Mpower is a wholly owned subsidiary of Mpower Holding Corporation ("MPHC"), and is a facilities-based communications provider offering an integrated bundle of broadband data and voice communication services to business customers. Founded in 1996, Mpower delivers a full range of telephone, high-speed data, Internet access, and Web hosting solutions to customers in California, Nevada, and Illinois.

In Arizona, Mpower is authorized to provide facilities-based and resold local exchange and interexchange telecommunications services pursuant to Docket No. T-03831A. However, as noted above, Mpower has never initiated service in the state and has no current plan to provide any such services and its application to surrender its certificate is currently pending before the Commission.

B. U.S. TelePacific Holdings Corp.

Holdings is the parent company of U.S. TelePacific Corp. ("TelePacific"), a company that provides facilities-based business communications services, including local, long distance, data and Internet services to small-to-medium sized businesses in Nevada and California. With thousands of customers, TelePacific is one of the largest telecommunications companies headquartered in California. TelePacific is a California corporation with its headquarters located at 515 S. Flower Street, 47th Floor, Los Angeles, CA 900071-2201.

II. CONTACT INFORMATION

For the purposes of this Notice, questions or any correspondence, orders, or other materials should be directed to the following contacts for the Parties:

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III. DESCRIPTION OF THE TRANSACTION

The Parties propose to complete a transaction through which Mpower will become a wholly owned subsidiary of Holdings. In particular, Holdings and MPHC have entered into an Agreement dated May 5, 2006. Under the terms of the Agreement, Holdings will acquire 100 percent of the stock of MPHC. MPHC will immediately be merged into a subsidiary of Holdings, TPMC Acquisition Corp., a Delaware corporation, which was formed for this purpose, with MPHC being the surviving corporation, who will then be a direct subsidiary of Holdings and a "sister" corporation to TelePacific. MPHC will then be merged into Mpower, with Mpower being the surviving corporation.

A chart illustrating the "before and after" corporate organization of the merged entities is attached as Exhibit A.

IV. PUBLIC INTEREST STATEMENT

Because Mpower does not currently serve any customers in Arizona, the transaction will not have any effect on services provided in the state. Holdings does not have any current plan to operate in the state, and therefore agrees with Mpower that the application to cancel its existing certificate should be granted. To the extent, following the transaction, that Holdings may decide to expand its operations to include Arizona, one of its operating subsidiaries will file the necessary application with the Commission seeking a certificate to do so.

V. CONCLUSION

An original and thirteen (13) copies of this notification letter are enclosed for filing. Please date-stamp the enclosed extra copy of this letter and return it in the attached self-addressed, stamped envelope. Please contact the undersigned if the Commission has any questions regarding this transaction.

Respectfully submitted,



Jean L. Kiddoo
Danielle C. Burt

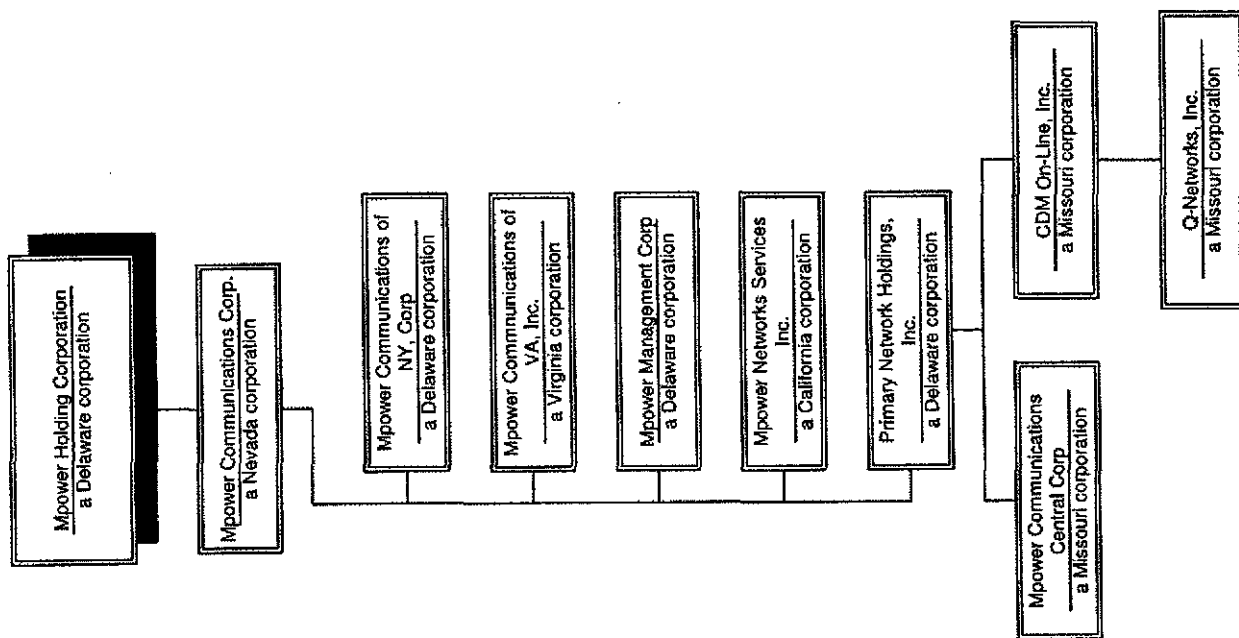
cc: Ms. Pam Genung (ACC)

EXHIBIT A

Corporate Organization Charts

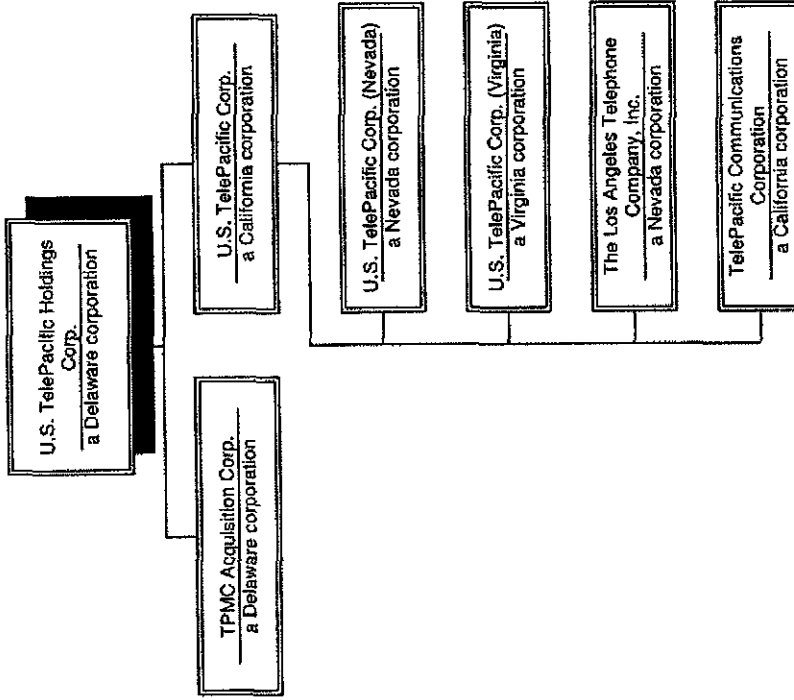
Mpower

Before Merger



TelePacific

Before Merger



After Merger

